



Department of Justice

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**JUSTICE DEPARTMENT ADVISES FCC OF CONCERNS ABOUT
SBC's APPLICATION TO PROVIDE LONG DISTANCE SERVICES IN ILLINOIS,
INDIANA, OHIO, AND WISCONSIN**

Department Reiterates Concerns about Billing Accuracy

WASHINGTON, D.C. - The Department of Justice today advised the Federal Communications Commission (FCC) that it could not support SBC's application to provide long distance services in Illinois, Indiana, Ohio, and Wisconsin on the basis of the current record. The Department found that serious questions remain regarding SBC's billing accuracy. The Department, however, did not foreclose the possibility that the FCC could satisfy itself that these concerns have been adequately addressed prior to the conclusion of its review of the application.

The Department had earlier voiced concerns about billing in its evaluation of SBC's application for long distance authority in Michigan. That application was filed in June 2003 and is currently pending before the FCC. Michigan shares a common billing system with the four states that are the subject of the current SBC application.

"SBC has made significant progress in opening its markets in Illinois, Indiana, Ohio, and Wisconsin, as demonstrated by the levels of entry achieved," said R. Hewitt Pate, Assistant Attorney General in charge of the Department's Antitrust Division. "However, serious concerns remain with regard to the accuracy of SBC's wholesale billing. These concerns warrant careful consideration by the FCC."

The Department concluded that SBC has not shown that the remaining billing problems are insignificant or that they have been adequately addressed. In addition, the Department noted in its evaluation issues relating to line-splitting, data integrity, manual handling, and pricing.

The Department provided its competitive analysis in an evaluation of SBC's application to provide long distance services in Illinois, Indiana, Ohio, and Wisconsin under Section 271 of the Telecommunications Act of 1996.

Since the break-up of the integrated Bell system as part of the AT&T divestiture, the independent Bell Operating Companies, or BOCs, have been barred from providing long distance services in their respective regions, first as part of the divestiture decree, and now under the terms of the Telecommunications Act. Under Section 271 of the Act, a BOC, such as SBC, may not provide in-region long distance services until it demonstrates to the FCC that it has met a variety of legal requirements designed to open the local telecommunications markets in a particular state to competition.

In considering whether to approve a BOC's application for long distance authority in a particular state, the FCC must consult with the Department of Justice and give "substantial weight" to its assessment of competitive conditions and whether the BOC should be allowed to provide in-region long distance services.

SBC filed its application with the FCC on July 17, 2003. Under the terms of the Act, the FCC must approve or deny the application within 90 days. A copy of the Department's evaluation will be available at: <http://www.usdoj.gov/atr/public/comments/sec271/sec271.htm>.

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